

## BALLOT MEASURES TO CONTROL GROWTH

The enactment of growth controls has tended to be a cyclical phenomenon. As the economy heats up and population increases, many communities respond by pulling up the drawbridge. Growth control measures have generally been adopted by public officials in response to perceived negative impacts of growth. More and more however, growth limitations have been adopted through the initiative process as a direct expression of public dissatisfaction and desire for control. Between 1971 and December 1992, 239 growth control measures were placed on local ballots throughout California. Over 200 measures have been placed before voters since 1986 and over 40 growth related measures were placed on the November 1996 ballot. Passage rates for these measures declined in the late 1980s and early 1990s (a time of slower growth) but have increased recently. While the passage rate of growth control measures on June ballots was over 70 percent in 1989, it dropped to under 40 percent in 1993, but rose to over 50 percent in 1996. In the November 1996 election, 47.5 percent of growth control measures on the ballot passed.<sup>1</sup>

In the September 1998 issue of the *California Planning and Development Report*, William Fulton reported that “ballot initiatives to restrict growth appear to be on the upswing—especially in Southern California, where few

ballot measures have appeared in recent years.” He reports the “hotbeds of controversy appear to be in Ventura and San Diego counties, which have historically had more ‘ballot-box zoning’ than other parts of Southern California.” The SOAR—Save Open-Space and Agricultural Resources Initiative in Ventura County would establish strict urban growth boundaries in six of the cities and require voter approval of any proposal to convert agricultural or open space land to urban uses within the unincorporated county. In San Diego County the “Rural Heritage and Watershed Initiative” would downzone approximately 600,000 acres of land in the eastern unincorporated area of the county. While passage of these two initiatives would have the most widespread impacts, measures to limit or stop development will appear this November on ballots throughout the state including Escondido, Santee, Milpitas, San Diego, Petaluma, and Santa Barbara and El Dorado County.

In addition, restricting growth and new housing development has become a controversial issue in communities throughout the state. Concerned about limited infrastructure capabilities, overcrowded schools, traffic congestion, and reductions in land available for agriculture have ignited heated debates in City Council Chambers and Board of Supervisor meetings across California. Proposals to ad-

### Limiting Growth

The end of the recession and the State’s current robust economy has brought many benefits for California communities. Unfortunately, California’s remarkable recovery from the recession has also given rise to increased efforts to halt the resulting growth. During most of the early part of the decade, few new measures to control or restrict growth had been enacted. As the State began to see an end to the recession and enjoy a strong recovery, one distressing reaction has been an increased number of proposed initiatives and measures to restrict growth.

Until recently, only 50 cities and counties had measures that directly limited the number of housing units that could be approved annually. Over the past few years however, other forms of growth controls, many less explicit than direct limits on housing units, have become more prevalent. Such indirect measures include density limitations, requiring voter approval for density increases or changes in zoning, metered development requirements, and urban growth boundaries. While less explicit than direct limits on housing development permits, these new measures nonetheless have the effect of arbitrarily restrict-

### **(Ballot Measures, Continued from Cover Page)**

dress these concerns have ranged from outright moratoriums on housing construction, to density limits, to significant fee increases. Recent newspaper articles in Contra Costa County, Antioch, Stanislaus County, Murrieta, Sonoma County, Modesto, and Novato also all report local efforts to curtail growth.

If current pace of ballot initiatives and other measures to stop growth continue, rather than resolve the perceived problems, they will likely be exacerbated. Restrictive actions in one community inevitably create “spillover” effects in surrounding communities. Housing markets do not respect city or county boundaries. In market areas with high demand, the restrictions of one community often lead to leapfrog development into nearby communities or even worse, no housing is developed at all. Addressing concerns about growth cannot be effectively addressed by individual jurisdictions. Increased cooperation between local governments is required. State and local governments must invest more effort into effectively managing growth, rather than increasing efforts to stop it.

<sup>1</sup> Curtin’s California Land Use and Planning Law, Solono Press Books (17<sup>th</sup> Edition, 1997), p.224

### **(Limiting Growth, Continued from Cover Page)**

ing needed housing development.

While many of these measures are enacted in reaction to legitimate public concerns about air quality, traffic congestion, etc., they more often are the wrong solution to a real problem and all too frequently exacerbate the very problems they were enacted to address. One community in Northern California, for example, has proposed to address traffic problems by prohibiting further expenditures to improve roads, significantly reduce the amount of new development allowed, and more than double traffic mitigation fees. Concerns about traffic congestion are understandable; however, many of the growth control measures enacted in response attempt to solve the problem with policies that preclude good planning practices and which will likely not appreciably improve congestion. Efforts to stop housing development in order to reduce traffic impacts, frequently exacerbate the very problems they are intended to address. Employees of local businesses, unable to live in the community, are required to drive long distances to reach their jobs, increasing traffic congestion and air pollution.

Restrictive growth control measures also exacerbate affordable housing problems as unmet demand pushes up housing prices, shutting many potential homebuyers out of

the market. Strict housing caps, limits on the amount and density of land designated for housing, and restrictive and overly discretionary processing requirements further increase housing costs. Complex growth controls with restrictive processing regulations add great uncertainty to the development process, further increasing housing costs.

While all housing development suffers from the negative impact of restrictive growth controls, affordable housing suffers most dramatically. Certain types of housing which more readily accommodate affordability, such as apartments or manufactured housing, are often subject to specific regulations or prohibitions. For example, many growth control ordinances or limitations more severely address multifamily housing because it is feared that multifamily housing creates more severe traffic impacts. However, studies have shown that multifamily housing actually has less impact on road and traffic than any other kind of development. Residents of multifamily units also tend to own fewer cars and generate fewer trips per day due to their smaller household size. In areas with mass transit service, multifamily residents are more likely to use transit than are single family residents.

Supporters of growth control measures often argue that such measures will improve or maintain the local qual-

ity of life and retain existing levels of service and infrastructure. In reality, while population and economic growth do increase service demands, they also generate the resources to pay for and provide the additional services and to improve existing services. Growth limits generally fail to consider the economic costs of such limits. Economic development is impaired in the community and surrounding region as studies have shown that limits on housing inhibit employment growth (employment growth often follows residential development).

So, if growth controls are not the answer, what is? The challenge is to work harder and “smarter” at land use planning. Solutions to dealing with growth impacts cannot afford to abdicate or foreclose the planning function in attempt to preserve the status quo. Planning inherently involves maintaining flexibility to balance competing objectives while adapting to change, and educating and involving citizens in these processes. State and local governments must work together to comprehensively address growth in a manner that protects the quality of our communities while ensuring California can benefit from the positive aspects of growth.

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# NEW LAW PROVIDES FLEXIBILITY TO LOCAL JURISDICTIONS' EFFORTS TO IDENTIFY ADEQUATE SITES

## CHAPTER 796 (Statutes of 1998)

Assembly Bill 438 (Chapter 796, Statutes of 1998), was recently signed by Governor Wilson to improve the effectiveness of state housing element law, including revisions to provide greater flexibility in meeting the adequate sites requirements. Chapter 796 resulted from a collaborative effort, initiated by Assemblyman Tom Torlakson, among varied interest groups, including local governments, planners, builders, and housing advocates.

The following provides a general overview of the new provisions. A more detailed technical assistance paper is available upon request from the Department or via the Department's web site at: <http://housing.hcd.ca.gov>

### ADEQUATE SITES:

Housing element law requires an identification of sites to facilitate the development of housing commensurate with the jurisdiction's share of the regional housing need for all income levels. Where sufficient sites have not been identified, the element must include a program to provide the necessary sites. Chapter 796 provides alternative program options to address the adequate sites requirement. Specifically, local governments may now meet up to 25 percent of the site requirement by substituting existing units which will be made available or preserved through the provision of committed assistance to low- and very-low income households at affordable housing costs or affordable rents. To use this new provision of the law, the housing element must include a program to do the following:

**Identify**—the specific source of funds to be used to provide committed assistance and *dedicate* the funds needed for this purpose.

**Describe**—the number of units to be provided for low and very low income households and *demonstrate* that the amount of funds dedicated is sufficient to provide the units at affordable costs.

Only units to be substantially rehabilitated, converted from nonaffordable to affordable by acquisition of the units or the purchase of affordability covenants, or preserved at affordable housing costs by the acquisition of the units or purchase of affordability covenants are eligible to be substituted for sites. Such units must be identified in the hous-

ing program. The statute specifically describes the conditions to be met in order to substitute units. The following provides a brief overview of the requirements.

**Rehabilitated Units: Only units to be substantially rehabilitated with committed assistance and that result in a net increase in the stock of housing affordable to low- and very low-income households are eligible.** The housing program must also demonstrate that the units are at imminent risk of loss to the housing stock; that relocation assistance will be provided to any occupants temporarily or permanently displaced and the local government must require that any displaced occupant will have the right to reoccupy the rehabilitated units; and the units have been found by the code enforcement agency or a court to be unfit for human habitation and vacated or subject to being vacated for at least 120 days because of the existence of at least four of the following:

- Termination, extended interruption or serious defects of gas, water or electric utility systems provided such interruption or termination is not caused by the tenant's failure to pay such gas, water or electric bills.
- Serious defects or lack of adequate space and water heating.
- Serious rodent, vermin or insect infestation.
- Severe deterioration, rendering significant portions of the structure unsafe or unsanitary.
- Inadequate numbers of garbage receptacles or service.
- Unsanitary conditions affecting a significant portion of the structure as a result of faulty plumbing or sewage disposal.
- Inoperable hallway lighting.

The rehabilitated units must have long-term affordability covenants and restrictions requiring the units to be available to, and occupied by low- or very-low income households for at least 20 years or the time required by any applicable federal or state law or regulation.

**Conversion of Units: Eligible units include multifamily units in a rental complex of 16 or more units that are converted from nonaffordable to affordable with committed assistance by acquisition of the unit or the purchase of affordability covenants and restrictions pro**

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**(CHAPTER 796, Continued from Page 3)**

vided the units are not acquired by eminent domain and provide a net increase in the stock of housing affordable to low and very low income households.

To qualify for this requirement the units must be made available at affordable housing costs, they must not be currently occupied by low- or very low-income households, they must be decent, safe and sanitary when occupied, and the acquisition price must not be greater than 120 percent of the median price for housing units in the city or county. The units must have long-term affordability covenants for not less than 30 years.

**Preservation of Units:** Eligible units include those that will be preserved at affordable housing costs to low or very low income households with committed assistance from the local government by acquisition of the unit or the purchase of affordability covenants for the units. Preserved units must have long-term affordability covenants and restrictions for at least 40 years, must have received governmental assistance under specified programs, the local government must find, after a public hearing that the unit is eligible and is reasonably expected to convert to non low-income uses, must be decent, safe and sanitary. At the time the units are identified for preservation, they must be available at affordable costs to persons and families of low or very low income.

**REGIONAL SHARE ALLOCATIONS:**

Chapter 796 amends Section 65584 of housing element law to facilitate sub-regional planning by allowing councils of governments, under specific circumstances, to provide sub-regions with their share of the regional housing need, and delegate the responsibility for allocating the housing need to jurisdictions in the sub-region

The new legislation also requires HCD to consider regional population forecasts used in preparing regional transportation plans, in addition to the Department of Finance population projections, when determining the regional share of the statewide housing need to be allocated to Councils of Governments.

**ANNUAL REPORTING**

Local governments are required to provide annual reports on the status of implementation of the general plan (Government Code Section 65400) to the local governing body. Chapter 796 reinstates the requirement that these reports also be submitted to the Governor's Office of Planning and Research and the Department of Housing and Community Development.

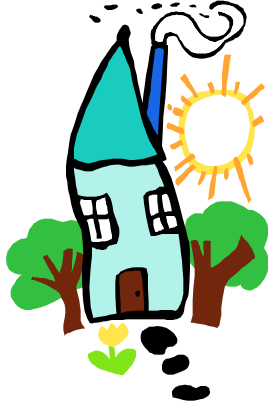


For more information about how these provisions may benefit your community

**Please Contact**

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## Governor Signs Budget Giving Housing A Boost



by Moira Monahan

The budget signed by Governor Wilson last month provides a much needed lift to housing by including approximately \$900,000 to reimburse councils of governments (COGs) and local governments for specified housing element activities. The funding will allow COGs to prepare Regional Housing Needs Plans, which apportion future housing needs to local jurisdictions. Local jurisdictions use these projections to plan for future growth and adopt land use policies that facilitate the development of needed housing.

Funding for preparation of the Regional Housing Needs Plans had been suspended since 1992 due to budget shortfalls.

The regional housing need plans are the essential first step for each local government to update the housing element of its General Plan. Housing element law requires local governments to adequately plan to address their existing and projected housing need. The law recognizes that the most critical deci-

sions about housing occur at the local level, in large part within the context of the general plan. As a result, housing elements must identify needs and resources, analyze potential governmental constraints to housing and include programs to address identified needs and constraints.

The timing of these housing element updates is particularly fortuitous due to the State's rapid economic growth over the past two years. Jobs are being created in most areas of the State, fueling housing demand and contributing to increases in housing development costs and sales prices, with consequent impact on affordability.

Funding of the requirement to prepare Regional Housing Needs Plans initiates a new cycle, during which every jurisdiction in the State will be required to update their housing element to evaluate and address the housing needs of their community for a five-year planning period. Governor Wilson also signed SB 256 (Chapter ) extending the due dates for housing elements by one year to allow sufficient time for the COGs to prepare the Regional Housing Needs Plans and local jurisdictions sufficient time to prepare and adopt their housing elements. The new due dates for jurisdictions to adopt their updated housing element are as follows:

Jurisdictions within San Diego County are due 6/30/1999;

Jurisdictions within the Southern California Association of Governments, which includes the Counties of Imperial, Los Angeles, Orange, Riverside, San Bernardino, and Ventura are due 6/30/2000;

Jurisdictions within the Association of Bay Area Governments, including the Counties of Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano, Sonoma

are due 6/30/2001;

Jurisdictions within the Association of Monterey Bay Area Governments, Council of Fresno County Governments, Kern County Council of Governments, and Sacramento Area Council of Governments, including the Counties of Monterey, Santa Cruz, Fresno, Kern, Placer, Sacramento, Sutter, Yolo, and Yuba are due 6/30/2002; and

All other local governments are due 6/30/2003.

HPD is looking forward to beginning the next housing element cycle, particularly to fully implementing the streamlining reforms recently adopted in consultation with local planners. These administrative reforms are designed to streamline and improve the effectiveness of the housing element process and facilitate the preparation of housing elements to reduce the time and cost for local governments. Workshops and training for the next housing element update cycle are currently being planned and will begin for local governments within the Southern California Association of Governments region by late Spring 1999.

HCD remains committed to working in partnership with local governments to meet important housing needs, and recognizes that local governments must grapple with a variety of competing needs and issues. HCD will work cooperatively with local governments to ensure that critical housing issues can be effectively addressed in a manner most appropriate to each community's unique needs or circumstances.

Questions or comments regarding the regional housing needs process, housing element process, or updating housing elements can be addressed to Cam Cleary of HPD at (916) 323-3185.



by Linda Wheaton



## WHAT'S

## Missing From This Picture?

In the early 1990s, California's first graders suffered from overcrowded classrooms, a situation since partially addressed with reduced class sizes and more teachers. When many of these first graders return home at the end of the school day, however, they lack adequate space to do their homework because of their overcrowded living conditions. Others don't get critical help from their parents on their homework because their parents' long commutes leave them too little time. While the number of school children has been increasing, the number of homes to house them has not grown commensurately.

Although cyclical, the state's housing production generally has not kept pace with the state's population or employment growth for a considerable length of time. This is particularly true of rental housing, as only a quarter of the residential permits during the 1990s was for multifamily units. Further, the need for apartments with three or more bedrooms far outstrips supply.

The state has grown by more than 3.5 million people since 1990, an average annual increase of approximately 450 thousand people. This represented a 12 percent increase in the State's population between April 1990 and January 1998. The distribution of this growth within the state is shown in the accompanying table. The San Joaquin Valley region led the rate of population growth with a 17 percent population increase, followed by the Sacramento region's 13 percent, while the remaining regions had population increases of 10 or 11 percent. The growth rates of individual counties over this period varied widely, ranging from 30 percent in Imperial and Madera Counties to one percent in Sierra and Inyo Counties. More than 20 percent of the population growth statewide was in Los Angeles County.

The State's population growth abated somewhat during the recession earlier in the decade, when for several years, more Californians left than those who moved here from other states. However, the State's buoyant economy again has population growth on a strong upswing, such that roughly six million more residents are projected over the next decade.

While a portion of the newcomers are immigrants or have moved here from other states, the vast majority of them are children born to existing residents. For example, more than 82 percent of the population growth from 1990 to 1997 was accounted for by natural increase (births over deaths), while less than 18 percent was from people moving to California.

In contrast to the rate of population growth, the State's housing stock grew by only seven percent during the same period. The disparate proportions of population and housing growth in several areas of the State are evident in the table below. The population-housing disparities are concentrated in the greater Los Angeles and San Francisco Bay regions, areas which are expected to continue to dominate the State's employment growth. While the greater Los Angeles region accounted for over 46 percent of the population growth since 1990, only 38 percent of the statewide housing growth occurred there.

The 6 percent increase in housing stock in both the greater Los Angeles and San Francisco Bay regions was little more than half the each region's percentage of population increase. And from the employment perspective, in the second quarter of 1998, non-farm employment in the San Francisco Bay region grew by nearly 43,000 jobs, while there were only roughly 8,000 new housing starts.<sup>1</sup> As a result, two out of three new workers are thus forced to live outside the Silicon Valley where they work.<sup>2</sup>

This supply shortage not only drives up housing prices, but also exacerbates transportation congestion and undermines job growth. UCLA economists recently warned that inadequate new housing construction threatens the State's economic growth, attributing slowdown in employment growth in the Silicon Valley to the shortage of affordable housing.<sup>3</sup>

In the face of this growth and acknowledgment of the need to support new schools for our school children, why aren't there calls for adequate homes for them as well? While there are several factors that have impeded housing development, fiscal disincentives for local government are often a key constraint.

Often local governments find that greater, and thus more costly, police, fire and related services are necessary to support housing development than retail uses. In explaining the City's approval of a shopping mall, rather than housing, next to a park, Long Beach's City Manager Jim Hankla characterized the fiscal dilemma local governments face regarding housing development. In this case, "The average homeowner's property tax brings the city \$210 in annual revenue, but providing services for that homeowner costs the city \$350."<sup>4</sup>

What fails to get addressed however, is that the employees of those retail businesses need affordable housing nearby — these are not people who can afford long commutes from

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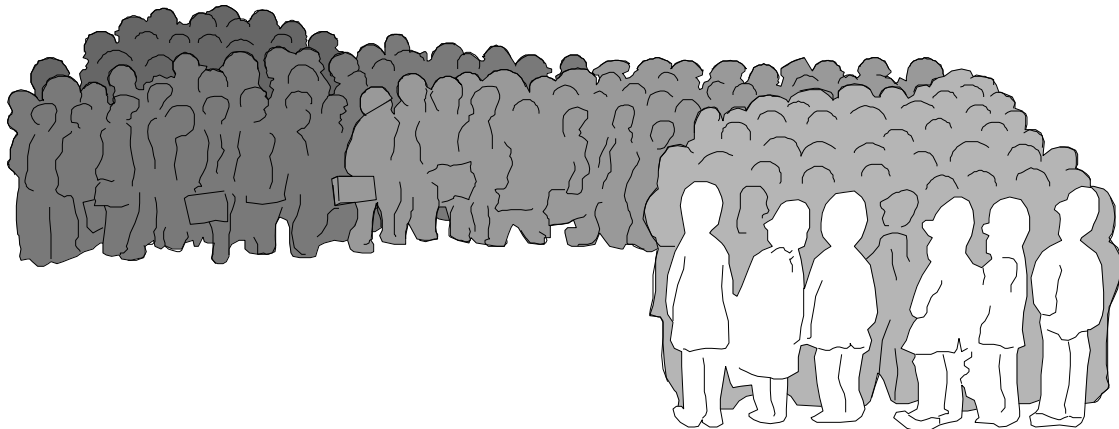
## California's Population and Housing Growth 1990-1998

	Population Growth		% of State Population	Change in Housing Stock		% of State Housing
<u>County</u>	<u>Amount</u>	<u>%</u>	<u>Growth</u>	<u>Amount</u>	<u>%</u>	<u>Growth</u>
LOS ANGELES	740,239	8%	21.2%	91,462	3%	10.0%
ORANGE	311,623	13%	8.9%	69,929	8%	8.4%
RIVERSIDE	270,824	23%	7.8%	75,696	16%	9.1%
SAN BERNARDINO	203,494	14%	5.8%	55,902	10%	6.7%
VENTURA	61,808	9%	1.8%	17,597	8%	2.1%
IMPERIAL	<u>32,840</u>	<u>30%</u>	<u>0.9%</u>	<u>6,150</u>	<u>17%</u>	<u>0.7%</u>
<b>Region subtotal</b>	<b>1,620,828</b>	<b>11%</b>	<b>46.4%</b>	<b>316,736</b>	<b>6%</b>	<b>37.0%</b>
SAN FRANCISCO	65,637	9%	1.9%	7,793	2%	0.9%
MARIN	15,833	7%	0.5%	4,127	4%	0.5%
SAN MATEO	65,759	10%	1.9%	8,201	3%	0.0%
SANTA CLARA	192,331	13%	5.5%	33,353	6%	4.0%
ALAMEDA	131,371	10%	3.8%	21,308	4%	2.6%
CONTRA COSTA	96,956	12%	2.8%	30,525	10%	3.7%
SONOMA	48,890	13%	1.4%	17,332	11%	2.1%
SOLANO	44,149	13%	1.3%	13,704	12%	1.6%
NAPA	<u>12,575</u>	<u>11%</u>	<u>0.4%</u>	<u>3,779</u>	<u>9%</u>	<u>0.5%</u>
<b>Region subtotal</b>	<b>673,501</b>	<b>11%</b>	<b>19.3%</b>	<b>140,122</b>	<b>6%</b>	<b>16.8%</b>
SACRAMENTO	118,566	11%	3.4%	43,453	10%	5.2%
PLACER	45,146	26%	1.3%	20,330	26%	2.4%
EL DORADO	21,610	17%	0.6%	9,464	15%	1.1%
SUTTER	12,386	19%	0.4%	4,680	19%	0.6%
YUBA	3,183	5%	0.1%	1,734	8%	0.2%
YOLO	<u>15,603</u>	<u>11%</u>	<u>0.4%</u>	<u>6,161</u>	<u>12%</u>	<u>0.7%</u>
<b>Region subtotal</b>	<b>216,494</b>	<b>13%</b>	<b>6.2%</b>	<b>85,822</b>	<b>13%</b>	<b>10.3%</b>
FRESNO	119,289	18%	3.4%	32,654	14%	3.9%
MADERA	26,259	30%	0.8%	7,716	25%	0.9%
KERN	94,817	17%	2.7%	29,652	15%	3.6%
SAN JOAQUIN	64,621	13%	1.8%	17,964	11%	2.2%
STANISLAUS	57,120	15%	1.6%	16,307	12%	1.0%
MERCED	26,019	15%	0.7%	9,192	16%	1.1%
TULARE	48,431	16%	1.4%	14,062	13%	1.7%
KINGS	<u>21,379</u>	<u>21%</u>	<u>0.6%</u>	<u>4,575</u>	<u>15%</u>	<u>0.5%</u>
<b>Region subtotal</b>	<b>457,935</b>	<b>17%</b>	<b>13.1%</b>	<b>132,122</b>	<b>14%</b>	<b>15.8%</b>
<b>SAN DIEGO</b>	<b>296,769</b>	<b>12%</b>	<b>8.5%</b>	<b>68,619</b>	<b>7%</b>	<b>8.2%</b>
MONTEREY	30,569	9%	0.9%	8,535	7%	1.0%
SAN LUIS OBISPO	21,812	10%	0.6%	8,312	9%	0.0%
SANTA BARBARA	35,894	10%	1.0%	6,151	4%	0.7%
SANTA CRUZ	20,422	9%	0.6%	4,249	5%	0.5%
SAN BENITO	<u>9,922</u>	<u>27%</u>	<u>0.3%</u>	<u>3,130</u>	<u>26%</u>	<u>0.4%</u>
<b>Region subtotal</b>	<b>118,619</b>	<b>10%</b>	<b>3.4%</b>	<b>30,377</b>	<b>7%</b>	<b>3.6%</b>

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<u>County</u>	<u>Amount</u>	<u>%</u>	<u>Growth</u>	<u>Amount</u>	<u>%</u>	<u>Growth</u>	<u>Amount</u>	<u>%</u>	<u>Growth</u>	<u>Amount</u>	<u>%</u>	<u>Growth</u>
BUTTE	19,476	11%	0.6%	9,552	13%	1.1%						
SHASTA	17,942	12%	0.5%	9,749	16%	1.2%						
TEHAMA	5,805	12%	0.2%	3,189	16%	0.4%						
GLENN	2,168	9%	0.1%	758	8%	0.1%						
COLUSA	2,251	14%	0.1%	747	12%	0.1%						
<b>Region subtotal</b>	<b>47,642</b>	<b>11%</b>	<b>1.4%</b>	<b>23,995</b>	<b>14%</b>	<b>2.9%</b>						
DEL NORTE	5,433	23%	0.2%	1,497	16%	0.2%						
HUMBOLDT	8,590	7%	0.2%	4,951	10%	0.6%						
MENDOCINO	6,593	8%	0.2%	3,237	10%	0.4%						
LAKE	4,474	9%	0.1%	3,015	10%	0.4%						
SISKIYOU	1,157	3%	0.0%	1,761	9%	0.2%						
MODOC	452	5%	0.0%	470	10%	0.1%						
TRINITY	198	2%	0.0%	494	7%	0.1%						
LASSEN	6,539	24%	0.2%	1,108	11%	0.1%						
PLUMAS	878	4%	0.0%	1,721	14%	0.2%						
SIERRA	42	1%	0.0%	118	5%	0.0%						
NEVADA	10,280	13%	0.3%	6,568	18%	0.8%						
<b>Region subtotal</b>	<b>44,636</b>	<b>10%</b>	<b>1.3%</b>	<b>24,940</b>	<b>12%</b>	<b>2.0%</b>						
AMADOR	3,670	12%	0.1%	1,955	15%	0.2%						
ALPINE	82	7%	0.0%	108	8%	0.0%						
CALAVERAS	6,337	1%	0.2%	3,451	18%	0.4%						
TUOLUMNE	4,360	9%	0.1%	2,909	12%	0.3%						
MARIPOSA	1,869	13%	0.1%	1,345	17%	0.2%						
MONO	651	7%	0.0%	855	8%	0.1%						
INYO	203	1%	0.0%	348	4%	0.04%						
<b>Region subtotal</b>	<b>17,172</b>	<b>11%</b>	<b>0.5%</b>	<b>10,971</b>	<b>13%</b>	<b>1.3%</b>						
<b>STATE</b>	<b>3,493,596</b>	<b>12%</b>	<b>100%</b>	<b>833,704</b>	<b>7%</b>	<b>100%</b>						

Source: HCD Calculations Based on DOF's May 1998 E-5 Report.





(What's Missing,  
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distant suburbs. Moreover, many of these employees are renters, yet many communities resist apartment development. Thus, fiscally-driven land use choices limit housing supply in high demand areas and drive up housing prices, resulting in even higher housing cost burdens. Another result is overcrowding, with households sometimes "doubling up," in the existing housing stock. These circumstances are not only inadequate for doing homework, but also lead to deteriorating housing and neighborhood conditions. These conditions in turn generate higher service costs for existing development.

Other attitudes toward housing development, examples of housing problems, and opportunities to support housing planning are discussed in the following articles. Taken together, they underscore the challenges and importance of all levels of government working together to accommodate adequate housing development and maintenance. The future of the State depends on it.

<sup>1</sup> The Bay Area Economic Pulse, Vol. 3: No. 4, Fall 1998

<sup>2</sup> "Housing near jobs supported," San Jose Mercury News, September 24, 1998

<sup>3</sup> UCLA Anderson Forecase, cited in the Los Angeles Times, September 16, 1998

<sup>4</sup> "The Problem is Larger Than Housing," by James Flanigan, Los Angeles Times, August 30, 1998

## Growth Control It Offers *No Easy Answers*

by Richard E. Mallory, Director

**T**his issue of *California Neighborhoods* is dedicated to the issue of growth control, and the significant adverse impact that growth control policies can have on all California families, and on our economic prosperity. Most Californians spend a significant part of their week in highway traffic, and consider traffic congestion a significant restraint on their quality of life. Most people would conclude that more housing equals more traffic, and that limits on new housing will somehow cause less traffic. Most Californians also are concerned about the loss of open space and agricultural lands, and conclude that less housing equals a better environment. The apparent "easy answer" to all these concerns seems to be growth control, and public support for such proposals seems to be growing.

In truth, the "easy answer" of growth control may accomplish none of these objectives, and may in fact be a mirage that leads the state to a contrary result. That purpose of this issue is to raise these questions, and to stimulate further discussion on the issue of growth control. The question of whether communities should support more housing deserves a closer look. The articles in this newsletter will address these issues in depth.

The basic reasons that communities should support housing growth are not immediately self-evident. To understand the critical need it must first be realized that housing is the safe-harbor from which our families grow. The quality of the housing we provide does in fact have an impact on the quality of the citizens we produce. Housing also provides the basic "fabric" of our communities. It visibly defines the character of the society in which we live.

Housing is a critically important component of economic growth, because the availability of reasonably priced housing insures that workers at all wage levels and skills will be available to employers. Where housing is not reasonably affordable – as in California's Silicon Valley – there has been a high rate of loss of new job growth, even though the core business area has continued to grow. The loss of business growth due to high home prices and a tight rental market occurs because business has a hard time recruiting college graduates, they have higher turn-over rates of employees, and there is wage inflation compared to other areas. Production workers may have long commutes and a lower quality of life. New business thinks twice before moving in.

It is for this reason that the president of the California Chamber of Commerce has said: "Creating jobs is only one part of the equation for a growing and healthy economy. Affordable housing also has to be a top priority if we want a stable workforce and sustained economic growth."

Not only is housing important for a healthy society and for economic growth, but housing construction is a growth generator by itself. The impact of housing on the California economy and on the strength of its communities is far reaching. The total economic impact of new housing construction on the statewide economy was estimated to exceed \$16 billion in 1994.

In a free enterprise economy it is typically assumed that the demand for housing is market driven, and the responsibility for providing housing will be entirely through the private sector. In this model there is no role for government. In California, however, there are significant barriers to the free mar-

(Growth Control - No Easy Answer, Continued From Page 9)

ket operation which mandate that State government must intervene. First, because of high population growth and local governments' hesitation to adequately zone for and approve adequate housing development, the end result of local government actions have been to artificially restrict the supply of land available for development. This has significantly increased the price of land for housing and limited its availability. Second, with strict environmental laws and public concerns with growth and congestion, the process of gaining government approval is lengthy and uncertain, which adds cost to housing development and restricts availability. Third, property tax limitations have caused localities to limit infrastructure, impose high impact fees and favor higher valued developments, which causes shortages of lower priced housing and apartments. Finally, many communities actively resist the development of smaller living units within more dense developments, because of an apparent preference of all property owners to reside in an area with persons of equal or higher income and property value. This adds further difficulty and expense for private sector builders who would like to serve the market for service workers and wage earners. As a result, the free market by itself has fallen significantly behind in meeting the housing needs of all Californians, and our families and our communities may be in jeopardy.

It is for this reason that we are devoting this issue of California Neighborhoods to the forces of growth control in California. It is our hope that this issue might generate further public discussion of these issues, so that new solutions to our problems might be offered, and so that better and more informed decisions can be made.

## CALIFORNIA HOUSING NEEDS

### • **Housing Demand is Growing, While Housing Production Has Not Kept Up**

Demand for housing is being fueled by strong population growth. California's population increased by about 3.2 million residents (10.7 percent) from 1990 to 1997. During that same period, employment had grown by 7.3 percent. Strong demand for housing is expected to continue. By 2003, California will face a housing demand of over 1.2 million units. Housing production has not kept up with demand however. Overall, permit levels have averaged only about 100,000 throughout the last decade, only one-half the average level of the 1980s.

### • **Homeownership is Still a Dream for Too Many Californians**

Homeownership rates remain significantly below the national rates. California has among the lowest homeownership rates of any state in the country – only 56 percent compared to a national rate of 65.6 percent. While the median priced home had dropped significantly in 1996, the California Association of Realtors reported only 37 percent of California's household could afford to buy a home.

### • **Renter Households Face Increasing Cost Burdens and Supply Shortages**

Rental housing prices have risen dramatically in the State, particularly in metropolitan areas. In 1990, only two states, California and Hawaii had median rent levels greater than \$600. As a result, over 2 million California households, nearly half of all renters, paid more than 30 percent of their income on housing. In 1995, three quarters of low-income and 86 percent of very low-income households in key metropolitan areas were paying more than 30 percent of their income for housing.

### • **Overcrowding Has Been on the Rise Since 1980**

In 1980, about 6.9 percent of California households were overcrowded. By 1990, this number had more than doubled to 12.3 percent, with more than 1.2 million households experiencing overcrowded housing.

### • **Thousands of Affordable Housing Units are At-Risk of Conversion to Market Rate**

California faces the loss of affordability restrictions on a substantial portion of the government-assisted rental housing stock. A large share of rental housing sheltering an estimated 375,000 to 450,000 people many of who are very low-income elderly individuals and families with children is now "at-risk" of conversion from "affordable" to market-rate housing. This conversion, with the resulting displacement of low-income tenants, will exacerbate California's housing affordability problems and has the potential to increase homelessness.

### • **Homelessness has Continued as a Significant Problem**

It is estimated that at least 1.1 percent of the State's population was homeless in 1997. In the worst circumstance, these individuals and household may be living in places not meant for human habitation. "Home" to the homeless may include cars, parks, sidewalk, alleys, parking ramps, or door stoops.

### • **Much of California's Existing Housing Stock is in Need of Repair or Replacement**

While the majority of housing within the state is well maintained and in good condition, there is a significant portion of housing throughout the state that is in need of repair or replacement. Lower income households often occupy this stock. It is estimated that as much as 12 percent of the overall housing stock is in need of rehabilitation.

**Department of Housing and Community Development**  
**Reader Survey**  
**HPD Special Edition**

1) The *California Neighborhoods* newsletter is very informative.

Strongly Disagree

Strongly Agree

1

2

3

4

5

2) The articles are timely.

Strongly Disagree

Strongly Agree

1

2

3

4

5

3) The format of this newsletter is visually attractive?

Strongly Disagree

Strongly Agree

1

2

3

4

5

4) Which current topics/articles do you find interesting?

- ☐ Ballot Measures
- ☐ Growth Control (2)
- ☐ Housing Needs
- ☐ Budget Information
- ☐ New Laws/Legislation

5) What topics would you like to see in *California Neighborhoods*?

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6) Do you have suggestions for improvement?

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Thank you for responding to our survey. We appreciate your time.

(please copy, fold and mail)

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## Special Edition

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